

**WRITTEN STATEMENT**  
**MINNESOTA FARM BUREAU FEDERATION**  
**HOUSE AGRICULTURAL COMMITTEE FIELD HEARING**

**Ada, Minn.**

**Presented by**

**John Brainard**

**District VII Director**

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Mr. Chairman and members of the Committee, my name is John Brainard, a sugarbeet, soybean, and wheat producer from Ada, Minnesota in Norman County. I am also a board member of the Minnesota Farm Bureau Federation and my testimony is on behalf of that organization. I appreciate the opportunity to speak with you today regarding issues surrounding the federal crop insurance program.

I would like to thank you for being here, and say that you are holding this hearing in an appropriate location. Northwest Minnesota has experienced several weather-related crop disasters over the last ten years. I am thankful that we have had a working crop insurance program in this part of the country, as I fear how many farm families would have been no longer involved in agriculture if we did not have crop insurance, along with the generous help from Congress in disaster assistance programs.

Crop insurance is an important tool for farmers to manage risk, and in general, I believe the crop insurance program is working in Northwestern Minnesota. Furthermore, I believe the Agriculture Risk Protection Act of

2000 (ARPA) has achieved one of its primary goals—that is, more producers are purchasing crop insurance at higher levels of coverage. I estimate that over 90 percent of producers in Northwest Minnesota participate in the crop insurance program, and I think that is a result of the premium subsidies that Congress provided in making crop insurance more affordable.

Notwithstanding the success of ARPA, there are some refinements that need to be made to crop insurance to address some very important issues affecting producers in this region of country. The most important issue has to deal with how actual production history (APHs) is calculated, which determines the amount of crop insurance coverage a farmer is eligible to purchase.

As I stated before, this part of the country has experienced severe weather anomalies over the last 10 years and, as a result of reduced yields, we have seen declining APHs and therefore decreased coverage levels. I recommend that the Committee look at changing how a producer's APH is calculated, so producers are not penalized when they experience multiple year weather-related disasters.

One solution could be to, instead of using up to the current level of 60 percent of county T-yields, use up to 100 percent of county T-yields in APH calculations for years when a disaster declaration is made for a particular county.

Increasing levels of technology has yields trending higher, and is also contributing to increasing costs of production. The bottom line is that

farmers are experiencing gaps in crop insurance coverage due to these factors.

The dollars that Congress has invested in the crop insurance program are definitely needed and appreciated. We understand the constraints on the federal budget in requesting additional funding for the federal crop insurance program. It seems to me that we need to look at doing more with the resources we currently have.

Bearing that thought in mind, I would encourage the Committee to look at what some call the “reverse incentive” in the crop insurance program. For example, the federal government currently pays for 67 percent of the premium for 50/100 CAT coverage, while at the 85/100 level, the government subsidy is only 38%.

Purchasing higher levels of coverage is simply cost prohibitive for many farmers. The committee may wish to explore the option of shifting levels of funding from lower levels of coverage to higher buy-up levels, thus making the entire program more equitable.

Thank you Chairman Moran and other members of Committee for traveling here to Ada to hear our comments. I would be willing to field questions any of you may have. Thank you.